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Maryland Pamphlets

T: STATE-OF-THE-STATE MESSAGE BY GOVERNOR MARVIN MANDEL
TO A JOINT SESSION OF THE MARYLAND GENERAL ASSEMBLY
Annapolis, Maryland
February 25, 1969, 2:30 P.M.

The last time that I appeared before you I presented you with a budget. And I made it clear that that budget in no way reflected the attitude or commitments of my Administration.

Since that time, the Council of Economic Advisors, State fiscal officers and the Department of Budget and Procurement have had time to analyze the budget in more detail and to make recommendations.

And, after analyzing the budget as then presented to you, I find it is truly inadequate - inadequate to meet the needs of all the citizens of Maryland.

When you elected me Governor, I said that I would not be a caretaker. I said that I would govern. And this is a commitment I intend to keep.

I also said that we had to make a decision as to whether the State of Maryland was going to maintain the status quo or again start moving ahead.

The time to make this decision has come, and I say that the people of this State are no longer satisfied with the status quo.

I believe that the problems we face today in Maryland affect all of us whether we are city dweller or suburbanite, rich or poor, black or white.

This is true in education. The child of poverty goes to wholly inadequate schools which teach him little. The child of moderate middle income finds it difficult to move on to college because of the increasing cost.

This is true in juvenile services. We're dealing here not just with delinquents. We're dealing with the personal problems of young people. These problems are a threat to all citizens as street crimes and vandalism increase.

This is true in public safety. The citizen in the low income area is subjected to inadequate crime prevention techniques. The citizen in the suburbs is increasingly becoming the target of crimes and disorders. The right of the individual to feel secure in the streets; the right of the individual to feel secure in his home; the right of the shopkeeper to feel secure in his business - - these are becoming more memories than reality today.

During the short weeks I have been Governor I have attempted to examine the problems and the needs which Maryland must face in the next two years.

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Today I am submitting for your consideration my supplemental budget and legislative program. I ask you to view them as a decision we have to make together in the remaining days of this session of the General Assembly. And the decision you have to make is: Will my proposals more adequately meet the problems and allow for the progress of all the people of Maryland?

Income taxes were increased in Maryland just two years ago. But, of the $120 million in new revenues raised, the State received only $20 million. $100 million was returned for the local subdivisions in an attempt to help solve their urgent fiscal problems.

And today - - just two years later - - the State faces another fiscal crisis.

Upon taking office my Administration inherited a budget that contained a potential $36 million deficit. By the use of bookkeeping this deficit was overcome. This also provided income for the current year, but only to pay for mandatory increases while ignoring the real problems of our State.

I also found there were many areas in need of financing that were not taken care of in the previous administration's budget. These areas include higher education, community colleges, public safety, social services, State employee salary adjustments, community mental health centers, Medicaid, and many others.

Therefore, I am submitting a supplemental budget request to the General Assembly in the amount of $49 million. I request this increase in order to make the 1970 fiscal program in the State of Maryland as adequate as possible within the financial means at our disposal.

This means a total required revenue and spending program of approximately $120 million.

In order to meet this need I have no alternative but to ask for an increase in the sales tax burden of 1%.

Revenue from a 1% sales tax increase amounts to an estimated $54 million in 1970.

I also ask that the list of items subject to the sales tax be broadened to include such items as soaps and detergents, amusements, linen and uniform rentals, ice, etc. Additional revenue created will be approximately $8.2 million.

In addition, I propose to increase the titling tax by 1% ($11 million) and make an adjustment on the inheritance tax resulting in a $2 million increase.

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And, I propose the monthly collection of withholding taxes for $44 million in added revenue.

The decision to increase taxes is never an easy one. Yet, if I did not request this increase I would not be fulfilling what I feel is my obligation to the people of Maryland.

Numerous methods of raising the needed revenue were suggested - - 2% sales tax, inclusion of food and drugs in the sales tax, and an income tax increase. Our analysis is that Maryland can finance its needs by increasing the sales and titling taxes by 1%, by the collection of withholding taxes on a monthly basis, by removing from sales tax exemption certain specified items, and by including the proceeds from insurance policies under the inheritance tax. We find that this can be done without taxing food or lowering the taxable base on meals. When these two items are included the sales tax becomes one of the most regressive of all taxes.

I intend to request a careful and complete review of the tax structure in Maryland. I am going to take the necessary steps to ensure that a more equitable, a more effective tax program operates here in Maryland. I want to see both the State and local subdivisions benefit from more efficient methods of raising revenue.

But I need your help.

I need your help in the area of higher education. Of the $85 million in the original budget presented to you this year, $48 million went towards education. Yet, this amount did not take care of higher education.

The education of Maryland's citizens is a necessity that should be available to all of us. It enlarges the earning capacity of our own citizens. Twenty-five years ago a college education was looked upon as a luxury. In today's world it is a necessity. The sons and daughters of all our citizens ought to be reasonably able to anticipate going to college. This means not only increasing the capacity of our schools in Maryland. It means also keeping the costs to the students and their families at a level which makes the school truly available to them.

Remember - - nearly a third of the graduates of our high schools went on to publicly supported colleges in Maryland in the last year. How well are these schools able to provide a decent education and to cope with the volume of students? How are professors attracted and retained in our school system? We need good instructors to give our young people the training needed for tomorrow.

Sufficient money was not available in the budget of the previous

administration to enable us to hire or retain the type of instructors that we want and need. And so I am requesting approximately $2 million for pay raises for instructors at the University of Maryland and at teachers' colleges.

And what about the youngsters who go to community colleges. Community colleges were originally set up so that everyone, no matter what his income, could attend. But now the costs have gone up so that these community colleges have had to increase their tuition so much as to defeat the purpose for which they were created.

I am requesting a revision of the State-school-student formula so that the State will take on a bigger share. This means that the burden will be lessened on the students and their families. This means that community colleges can continue to operate in the spirit in which they began: that anyone could attend - - regardless of income.

To support increased State aid for community colleges the cost will be approximately $3 million.

I need your help in the area of public safety. In spite of a rising crime rate and traffic in narcotics, additional funds are not available in the budget of the previous administration for increased crime prevention. I think we must do something in this area.

Not only do we need to increase the number of police, we need to provide them with the technology, the training and the salary that are needed to attract, to retain and to use them most effectively in crime prevention.

Maryland's State police are rated one of the best in the country. I want them to keep that well-deserved reputation. As I see it, the better qualified, equipped and trained our police are the more certain is public safety.

We have made a start in that direction by giving police aid to the subdivisions. I feel that it is imperative that this aid be expanded. Therefore, I am requesting over $6 million for increased police protection in Maryland.

I need your help in the area of mental health. What are we doing about the mental health problems the citizens of Maryland face today? Plans were worked out for community mental health centers, but funds were not provided.

I have requested $1.8 million in order to get the community mental health centers program into operation. Under this program, at least a portion of our mental health patients can be treated on an out-patient basis. They can be returned to a productive and meaningful life in society. In addition, mental health problems can be not only detected but treated at an early stage and without high cost. This means eventual overall savings to the State by

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requiring less hospitalization and more outpatient care.

And I need your help in the area of welfare rent allowances. Again, the budget of the previous administration ignored this item.

I need your help in Medicaid. One of the first things I did as Governor was to restore 22,000 people in Maryland to the Medicaid rolls. These people were earning their own living but did not have enough money to pay for medical expenses. For them the situation was becoming desperate. I restored these people to the Medicaid rolls rather than allowing them to become welfare cases - - which would have been the ultimate result.

However, we must pay the cost. And that cost for the 1970 fiscal year is approximately $6 million.

I want to encourage a better utilization of scarce medical resources in Maryland; and increase in the effectiveness of our health programs and a decrease in the costs of health care for all citizens.

I need your help for our State employees. The budget of the previous administration failed to provide the funds for salary adjustments for these many loyal and dedicated persons in State service. In Maryland we face the problem of competing with the Federal government for talent and qualified people. Therefore, we must also compete as best we can in salaries.

I am requesting $13.8 million for salary increases and adjustments in retirement and social security for State employees. These salary increases are geared toward the State employees currently in the lowest brackets. Our turnover of employees has reached 35%. Government cannot operate effectively without more continuity among civil employees. I am also asking for $1.6 million for overtime for our State employees. If the current salary increase is adopted, Maryland State employees will still be paid on a scale 20% below Federal employees after the July 1, 1969 pay raise.

I propose to continue the job freeze and travel and consultants' fees restrictions in State government. As a result of these two measures, the cost of operating government has been decreased by $10 million - - and our programs have expanded.

These are a few of the major areas that are covered by the Supplemental Budget. The other items will be brought to your attention when you receive a copy of my complete program.

But lest we place too much emphasis on money problems alone, let me assure you there are other important areas that need our attention.

I have not had a chance to examine every aspect of the Executive branch. But I have been in office long enough to recognize that the Executive Department must be reorganized. Reorganized so that we may have an

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efficient and responsive State government.

For example, right now more than 240 agencies are under the administration of the Governor. No one person can efficiently or effectively operate this many separate entities. Consolidation and coordination of the functions and structure of the Executive Department will be a long step forward in the effort to assure that State government in Maryland is more effective and therefore more efficient.

Reorganization will eliminate the overlap and duplication which now exist. Those of us in government can then concentrate on the needs of the people and, based on our resources, fulfill those needs. The idea is not to do more than has to be done but certainly not to do less.

What is done with these new tools depends on how well they are used by both the Legislature and the Executive branches of government.

But without reorganization both branches will continue to operate under a handicap.

Thus I have recommended to you a portion of my reorganization plan for the Executive Department. Included in this plan are the consolidation of four agencies each headed by a Secretary: Health, Natural Resources, State Planning, and Budget and Fiscal.

Another program I have proposed to you is a series of Constitutional amendments. Most of these amendments have been recognized - - both by those who were for and those who were against the defeated Constitution - - as necessary for the efficient operation of government. These amendments are by and large non-controversial.

I realize that there are those in the Legislature who object to a special election for this purpose.

But some of these recommendations, particularly in the areas of Executive reorganization, Lieutenant Governor, length of the sessions of the General Assembly and special sessions, court reform, etc., are vital and should be adopted as soon as possible.

In the field of human relations, a recent study has revealed that our Human Relations Commission has been completely ineffective. It has produced no real results and needs complete revamping. I, therefore, have recommended legislation to accomplish these changes.

In the field of pollution, I propose a comprehensive study of the entire field, including a reorganization of the Natural Resources Department

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so that we will have a better method of implementing programs. One of our greatest natural resources, the Chesapeake Bay and its tributaries are rapidly becoming unfit for recreation, and seriously affecting our great seafood industry. We must control and prevent any further spread of this pollution.

The basic issue involved in these and other programs you and I face as we look over the budget and the legislative proposals is whether Maryland is going to look to the future.

I want to make very clear that the fiscal situation in Maryland today is an inherited one. It is the result of ineffective fiscal programs over the years. It was obvious and clear both before I was elected, and since, that there would be need for additional revenue in the State of Maryland.

As I have said previously, no Governor, no Member of the Legislature likes to have to impose a tax increase.

But, you and I are almost powerless to do anything else. The budget we inherited had ignored many of the needs of all the people. Unless there is a tax increase this year, the types of services the people demand and are entitled to cannot be achieved.

But underlying all of our efforts is the idea that Maryland must continue to grow. We must have a program in which our State can advance.

This is the spirit in which I submit to you my Supplemental Budget and legislative program.

I had a decision to make. I have made it. It is now up to you.

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